

EXIRA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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Exira Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2006 election)		
Vicky Sorensen	President	2008
Denise Walker	Vice President	2008
Tom Benton	Board Member	2006
Paul Christensen	Board Member	2006
Tom Christofferson	Board Member	2007
Board of Education (After September 2006 election)		
Vicky Sorensen	President	2008
Tom Benton	Vice President	2009
Tom Christofferson	Board Member	2007
Denise Walker	Board Member	2008
Bart Peppers	Board Member	2009
School Officials		
Charles Johnson	Superintendent	2007
Shirley Garnett	District Secretary and Treasurer	2007
Rick Franck	Attorney	2007

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(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Exira Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Exira Community School District, Exira, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Exira Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated March 12, 2008 on our consideration of Exira Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of these reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 35 through 36 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Exira Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 12, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exira Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,611,351 in fiscal 2006 to \$2,635,785 in fiscal 2007, while General Fund expenditures increased from \$2,782,080 in fiscal 2006 to \$2,848,130 in fiscal 2007. This resulted in a decrease in the District's General Fund balance from \$159,871 in fiscal 2006 to a deficit balance of \$52,474 in fiscal 2007, a 132.82% decrease from the prior year.
- The increase in General Fund revenues was attributable to increases in local tax and federal grant revenues in fiscal 2007. The increase in expenditures was due primarily to increases in negotiated salary and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Exira Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Exira Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Exira Community School District acts solely as an agent or custodial for the benefit of those outside of District government.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

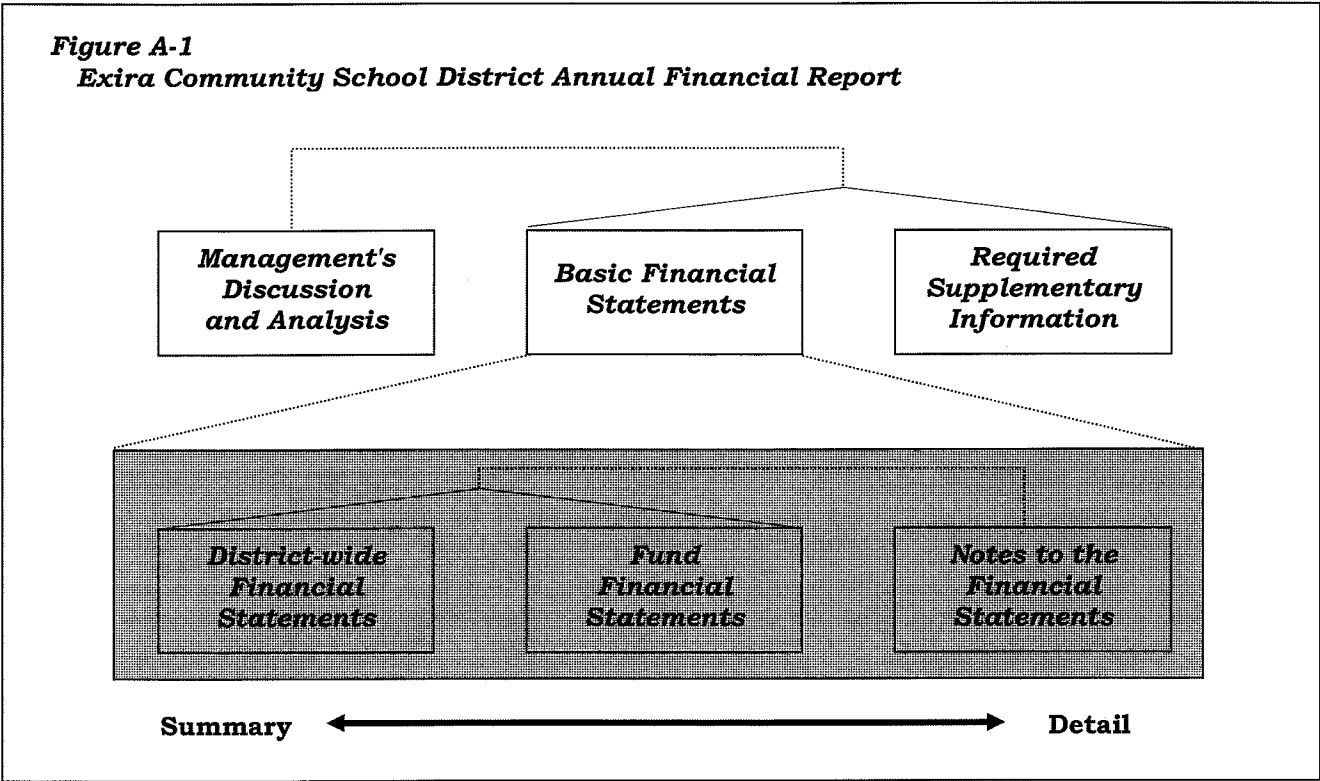


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.

Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 2,733,065	1,680,430	13,807	9,295	2,746,872	1,689,725	62.56%
Capital assets	680,571	775,789	9,692	8,746	690,263	784,535	-12.02%
Total assets	3,413,636	2,456,219	23,499	18,041	3,437,135	2,474,260	38.92%
Long-term obligations	159,940	221,512	0	0	159,940	221,512	-27.80%
Other liabilities	2,188,068	1,128,157	25	1,049	2,188,093	1,129,206	93.77%
Total liabilities	2,348,008	1,349,669	25	1,049	2,348,033	1,350,718	73.84%
Net assets:							
Invested in capital assets, net of related debt	535,571	618,841	9,692	8,746	545,263	627,587	-13.12%
Restricted	554,066	311,139	0	0	554,066	311,139	78.08%
Unrestricted	(24,009)	176,570	13,782	8,246	(10,227)	184,816	-105.53%
Total net assets	\$ 1,065,628	1,106,550	23,474	16,992	1,089,102	1,123,542	-3.07%

The District's combined net assets decreased by 3.07%, or \$34,440, under the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$242,927, or 78.08% over the prior year. The increase was primarily due to the increase in the Capital Projects Fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$195,043, or 105.53%. The decrease was primarily due to the decrease in the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2007 and June 30, 2006.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 163,878	143,315	63,508	63,585	227,386	206,900	9.90%
Operating grants and contributions and restricted interest	356,239	378,815	72,156	61,745	428,395	440,560	-2.76%
Capital grants and contributions and restricted interest	25,000	0	0	0	25,000	0	100.00%
General revenues:							
Property tax	1,079,011	1,004,974	0	0	1,079,011	1,004,974	7.37%
Income surtax	94,540	65,617	0	0	94,540	65,617	44.08%
Local option sales and services tax	179,795	156,369	0	0	179,795	156,369	14.98%
Unrestricted state grants	1,138,859	1,169,220	0	0	1,138,859	1,169,220	-2.60%
Unrestricted investment earnings	32,809	34,856	52	39	32,861	34,895	-5.83%
Other	48,952	32,244	0	0	48,952	32,244	-51.82%
Total revenues	3,119,083	2,985,410	135,716	125,369	3,254,799	3,110,779	4.63%
Program expenses:							
Governmental activities:							
Instructional	1,963,331	1,965,032	0	0	1,963,331	1,965,032	-0.09%
Support services	1,051,071	910,071	0	0	1,051,071	910,071	15.49%
Non-instructional programs	0	0	129,234	121,252	129,234	121,252	6.58%
Other expenses	145,603	232,442	0	0	145,603	232,442	-37.36%
Total expenses	3,160,005	3,107,545	129,234	121,252	3,289,239	3,228,797	1.87%
Changes in net assets	(40,922)	(122,135)	6,482	4,117	(34,440)	(118,018)	-70.82%
Beginning net assets	1,106,550	1,228,685	16,992	12,875	1,123,542	1,241,560	-9.51%
Ending net assets	\$ 1,065,628	1,106,550	23,474	16,992	1,089,102	1,123,542	-3.07%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 79.90% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.96% of the revenue from business type activities.

The District's total revenues were approximately \$3.25 million of which \$3.1 million was for governmental activities and less than \$0.15 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.63% increase in revenues and an 1.87% increase in expenses. The increase in revenues was due to increased property tax, income surtax and local option sales and service tax the District received during fiscal 2007. The increases in expenses related to increases in the negotiated salary and benefits.

Governmental Activities

Revenues for governmental activities were \$3,119,083 and expenses were \$3,160,005. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 1,963,331	1,965,032	-0.09%	1,540,417	1,538,206	0.14%
Support services	1,051,071	910,071	15.49%	1,026,071	910,071	12.75%
Other expenses	145,603	232,442	-37.36%	48,400	137,138	-64.71%
Totals	\$ 3,160,005	3,107,545	1.69%	2,614,888	2,585,415	1.14%

- The cost financed by users of the District's programs was \$163,878.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$381,239.
- The net cost of governmental activities was financed with \$1,079,011 in property tax, \$94,540 in income surtax, \$179,795 in local option sales and services tax, \$1,138,859 in unrestricted state grants, \$32,809 in interest income and \$48,952 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$135,716 and expenses were \$129,234. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Exira Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$480,015, below last year's ending fund balance of \$500,110. The primary reason for the decrease in combined fund balance in fiscal 2007 is due to increases in negotiated salary and benefits in the General Fund.

Governmental Fund Highlights

- The District's decrease in General Fund financial position is the product of many factors. The increase in revenues for 2007 was more than outweighed by the increase in expenditures incurred by the District. This forced the District to use carryover balance to meet financial obligations during the year guaranteeing the decline in General Fund balance.
- The Capital Projects Fund increased from \$298,453 in 2006 to \$478,248 in 2007. The increase was due to the increase in local option sales and services tax received during the year.

Proprietary Fund Highlights

The Proprietary Fund net assets increased from \$16,992 at June 30, 2006 to \$23,474 at June 30, 2007, representing an increase of 38.15%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$38,551 less than budgeted revenues, a variance of 1.18%. The most significant variance resulted from the District receiving less in state source revenues than originally anticipated.

Total expenditures were initially than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the of the District's budgetary practice, the certified budget was exceeded in the support services functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$690,263, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 12.02% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$118,016.

The original cost of the District's capital assets was \$1,999,734. Governmental funds account for \$1,958,371 with the remainder of \$41,363 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$242,798 at June 30, 2006, compared to \$182,810 reported at June 30, 2007. This decrease was due to current year depreciation expense.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 19,493	19,493	0	0	19,493	19,493	0.00%
Buildings	478,108	511,692	0	0	478,108	511,692	-6.56%
Land improvements	9,852	10,552	0	0	9,852	10,552	-6.63%
Machinery and equipment	173,118	234,052	9,692	8,746	182,810	242,798	-24.71%
Total	\$ 680,571	775,789	9,692	8,746	690,263	784,535	-12.02%

Long-Term Debt

At June 30, 2007, the District had \$159,940 in other long-term debt outstanding. This represents a decrease of 27.80% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had \$145,000 in capital loan note indebtedness at June 30, 2007.

The District had \$14,940 in early retirement payable at June 30, 2007.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
Capital loan note	\$ 145,000	205,000	-29.27%
Early Retirement	14,940	16,512	-9.52%
Totals	<u>\$ 159,940</u>	<u>221,512</u>	<u>-27.80%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at the state level will affect future projections. The District has been forced to shift funding to property taxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shirley Garnett, District Board Secretary, Exira Community School District, P.O. Box 335, Exira, Iowa, 50076.

BASIC FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 3)	\$ 804,481	0	804,481
Other	639,363	11,810	651,173
Receivables:			
Property tax:			
Delinquent	17,297	0	17,297
Succeeding year	1,074,261	0	1,074,261
Income surtax	65,376	0	65,376
Accounts	0	216	216
Accrued interest - ISCAP (Note 3)	5,109	0	5,109
Due from other governments	127,178	0	127,178
Inventories	0	1,781	1,781
Capital assets, net of accumulated depreciation (Note 5)	680,571	9,692	690,263
TOTAL ASSETS	3,413,636	23,499	3,437,135
LIABILITIES			
Accounts payable	79,043	0	79,043
Salaries and benefits payable	218,470	0	218,470
ISCAP warrants payable (Note 3)	806,000	0	806,000
ISCAP accrued interest payable (Note 3)	4,981	0	4,981
ISCAP unamortized premium	4,919	0	4,919
Accrued interest payable	394	0	394
Deferred revenue:			
Succeeding year property tax	1,074,261	0	1,074,261
Unearned revenue	0	25	25
Long-term liabilities (Note 6):			
Portion due within one year:			
Capital loan notes payable	70,000	0	70,000
Early retirement payable	3,145	0	3,145
Portion due after one year:			
Capital loan notes payable	75,000	0	75,000
Early retirement payable	11,795	0	11,795
TOTAL LIABILITIES	2,348,008	25	2,348,033
NET ASSETS			
Invested in capital assets, net of related debt	535,571	9,692	545,263
Restricted for:			
Capital projects	478,248	0	478,248
Physical plant and equipment levy	49,066	0	49,066
Other special revenue purposes	26,752	0	26,752
Unrestricted	(24,009)	13,782	(10,227)
TOTAL NET ASSETS	\$ 1,065,628	23,474	1,089,102

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Expenses	Operating Grants, Contributions and Restricted Services Interest	Capital Grants, Contributions and Restricted Interest		Govern-mental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 1,333,545	90,851	242,400	0	(1,000,294)	0	(1,000,294)
Special instruction	316,938	5,877	16,636	0	(294,425)	0	(294,425)
Other instruction	312,848	67,150	0	0	(245,698)	0	(245,698)
	<u>1,963,331</u>	<u>163,878</u>	<u>259,036</u>	<u>0</u>	<u>(1,540,417)</u>	<u>0</u>	<u>(1,540,417)</u>
Support services:							
Student services	80,999	0	0	0	(80,999)	0	(80,999)
Instructional staff services	117,521	0	0	0	(117,521)	0	(117,521)
Administration services	334,110	0	0	0	(334,110)	0	(334,110)
Operation and maintenance of plant services	384,236	0	0	25,000	(359,236)	0	(359,236)
Transportation services	134,205	0	0	0	(134,205)	0	(134,205)
	<u>1,051,071</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>(1,026,071)</u>	<u>0</u>	<u>(1,026,071)</u>
Other expenditures:							
Long-term debt interest	6,577	0	0	0	(6,577)	0	(6,577)
AEA flowthrough	97,203	0	97,203	0	0	0	0
Depreciation(unallocated)*	41,823	0	0	0	(41,823)	0	(41,823)
	<u>145,603</u>	<u>0</u>	<u>97,203</u>	<u>0</u>	<u>(48,400)</u>	<u>0</u>	<u>(48,400)</u>
Total governmental activities	3,160,005	163,878	356,239	25,000	(2,614,888)	0	(2,614,888)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	129,234	63,508	72,156	0	0	6,430	6,430
Total business-type activities	<u>129,234</u>	<u>63,508</u>	<u>72,156</u>	<u>0</u>	<u>0</u>	<u>6,430</u>	<u>6,430</u>
Total	\$ 3,289,239	227,386	428,395	25,000	(2,614,888)	6,430	(2,608,458)
General Revenues:							
Property tax for:							
General purposes				\$	963,608	0	963,608
Capital outlay					115,403	0	115,403
Income surtax					94,540	0	94,540
Local option sales and services tax					179,795	0	179,795
Unrestricted state grants					1,138,859	0	1,138,859
Unrestricted investment earnings					32,809	52	32,861
Other					48,952	0	48,952
Total general revenues					<u>2,573,966</u>	<u>52</u>	<u>2,574,018</u>
Changes in net assets					(40,922)	6,482	(34,440)
Net assets beginning of year					1,106,550	16,992	1,123,542
Net assets end of year				\$	<u>1,065,628</u>	<u>23,474</u>	<u>1,089,102</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP (Note 3)	\$ 804,481	0	0	804,481
Other	186,002	400,941	52,420	639,363
Receivables:				
Property tax:				
Delinquent	14,483	0	2,814	17,297
Succeeding year	887,800	0	186,461	1,074,261
Income surtax	65,376	0	0	65,376
Accrued interest - ISCAP (Note 3)	5,109	0	0	5,109
Due from other governments	49,871	77,307	0	127,178
TOTAL ASSETS	\$ 2,013,122	478,248	241,695	2,733,065
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 78,050	0	993	79,043
Salaries and benefits payable	218,470	0	0	218,470
ISCAP warrants payable (Note 3)	806,000	0	0	806,000
ISCAP accrued interest payable (Note 3)	4,981	0	0	4,981
ISCAP unamortized premium	4,919	0	0	4,919
Deferred revenue:				
Succeeding year property tax	887,800	0	186,461	1,074,261
Income surtax	65,376	0	0	65,376
Total liabilities	2,065,596	0	187,454	2,253,050
Fund balances:				
Unreserved:				
General	(52,474)	0	0	(52,474)
Capital projects	0	478,248	0	478,248
Management levy	0	0	(21,577)	(21,577)
Physical plant and equipment levy	0	0	49,066	49,066
Other special revenue purposes	0	0	26,752	26,752
Total fund balances	(52,474)	478,248	54,241	480,015
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,013,122	478,248	241,695	2,733,065

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances of governmental funds (page 15)	\$ 480,015
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.	680,571
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	65,376
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(394)
Long-term liabilities, including early retirement and capital loan notes payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(159,940)</u>
Net assets of governmental activites (page 13)	<u><u>\$ 1,065,628</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 985,345	179,795	175,535	1,340,675
Tuition	82,465	0	0	82,465
Other	76,449	0	90,297	166,746
State sources	1,375,450	0	0	1,375,450
Federal sources	116,076	0	25,000	141,076
Total revenues	2,635,785	179,795	290,832	3,106,412
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	1,311,369	0	0	1,311,369
Special instruction	316,938	0	0	316,938
Other instruction	256,376	0	53,084	309,460
	1,884,683	0	53,084	1,937,767
Support services:				
Student services	79,930	0	0	79,930
Instructional staff services	116,746	0	0	116,746
Administration services	334,110	0	0	334,110
Operation and maintenance of plant services	241,951	0	66,834	308,785
Transportation services	93,507	0	0	93,507
	866,244	0	66,834	933,078
Other expenditures:				
Facilities acquisitions	0	0	91,734	91,734
Long-term debt:				
Principal	0	0	60,000	60,000
Interest and fiscal charges	0	0	6,725	6,725
AEA Flowthrough	97,203	0	0	97,203
	97,203	0	158,459	255,662
Total expenditures	2,848,130	0	278,377	3,126,507
Excess(deficiency) of revenues over(under) expenditures	(212,345)	179,795	12,455	(20,095)
Other financing sources(uses):				
Transfers in	0	0	66,725	66,725
Transfers out	0	0	(66,725)	(66,725)
Total other financing sources(uses)	0	0	0	0
Net change in fund balances	(212,345)	179,795	12,455	(20,095)
Fund balance beginning of year	159,871	298,453	41,786	500,110
Fund balance end of year	\$ (52,474)	478,248	54,241	480,015

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2007

Net change in fund balances - total governmental funds (page 17) \$ (20,095)

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 22,379	
Depreciation expense	<u>(117,597)</u>	(95,218)

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 60,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 148

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 12,671

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement		<u>1,572</u>
------------------	--	--------------

Changes in net assets of governmental activities (page 14) \$ (40,922)

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 11,810
Accounts receivable	216
Inventories	1,781
Capital assets, net of accumulated depreciation (Note 5)	9,692
TOTAL ASSETS	<u>23,499</u>
LIABILITIES	
Unearned revenue	25
TOTAL LIABILITIES	<u>25</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,692
Unrestricted	13,782
TOTAL NET ASSETS	<u>\$ 23,474</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 63,508
TOTAL OPERATING REVENUES	<u>63,508</u>
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	52,311
Benefits	6,930
Supplies	69,574
Depreciation	419
TOTAL OPERATING EXPENSES	<u>129,234</u>
OPERATING LOSS	(65,726)
NON-OPERATING REVENUES:	
State sources	1,802
Federal sources	70,354
Interest on investments	52
TOTAL NON-OPERATING REVENUES	<u>72,208</u>
Change in net assets	6,482
Net assets beginning of year	<u>16,992</u>
Net assets end of year	<u><u>\$ 23,474</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 62,918
Cash payments to employees for services	(59,241)
Cash payments to suppliers for goods or services	(60,621)
Net cash used in operating activities	(56,944)
Cash flows from non-capital financing activities:	
State grants received	1,802
Federal grants received	62,116
Net cash provided by non-capital financing activities	63,918
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,365)
Cash flows from investing activities:	
Interest on investments	52
Net increase in cash and cash equivalents	5,661
Cash and cash equivalents at beginning of year	6,149
Cash and cash equivalents at end of year	\$ 11,810
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (65,726)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	8,238
Depreciation	419
Decrease in inventories	715
Decrease in accounts receivable	434
Decrease in deferred revenue	(1,024)
Net cash used in operating activities	\$ (56,944)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	\$ 11,810

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$8,238.
SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	\$ 525,990
Total assets	<u>525,990</u>
Liabilities	
Total liabilities	<u>0</u>
Net assets	<u>\$ 525,990</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	<u>\$ 31,146</u>
Total additions	<u>31,146</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>19,250</u>
Change in net assets	11,896
Net assets beginning of year	<u>514,094</u>
Net assets end of year	<u>\$ 525,990</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Summary of Significant Accounting Policies

The Exira Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Exira, Iowa, and the predominate agricultural territory in Guthrie, Audubon and Cass Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Exira Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Exira Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie, Audubon and Cass Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District's proprietary funds is the School Nutrition Fund. The Nutrition fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is the Private Purpose Trust Fund.

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period

or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balance - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 575,991

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. The Certificates of Deposit are classified as Category 1, which means the investments are insured and are held by the District in the District's name. Certificates of Deposit are stated at fair value.

At June 30, 2007, the District had investments in Certificate of Deposit maturing in over one year as follows:

	Fair Value
Certificates of Deposit	\$ 256,716

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07B	1/26/2007	1/25/2008	\$ 252,355	4,944	253,000	4,840
2007-08A	6/28/2007	6/27/2008	552,126	165	553,000	141
Total			\$ 804,481	5,109	806,000	4,981

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance		Advances Repaid	Balance End of Year
	Beginning of Year	Advances Received		
2006-07B	\$ 0	60,000	60,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07B	4.250%	5.315%
2007-08A	4.500%	5.455%

(4) Transfers

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 66,725

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,493	0	0	19,493
Total capital assets not being depreciated	19,493	0	0	19,493
Capital assets being depreciated:				
Buildings	1,261,056	7,539	0	1,268,595
Land improvements	13,991	0	0	13,991
Machinery and equipment	641,452	14,840	0	656,292
Total capital assets being depreciated	1,916,499	22,379	0	1,938,878
Less accumulated depreciation for:				
Buildings	749,364	41,123	0	790,487
Land improvements	3,439	700	0	4,139
Machinery and equipment	407,400	75,774	0	483,174
Total accumulated depreciation	1,160,203	117,597	0	1,277,800
Total capital assets being depreciated, net	756,296	(95,218)	0	661,078
Governmental activities capital assets, net	\$ 775,789	(95,218)	0	680,571
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 39,998	1,365	0	41,363
Less accumulated depreciation	31,252	419	0	31,671
Business-type activities capital assets, net	\$ 8,746	946	0	9,692

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 22,176
Other	9,872
Support services:	
Student	1,069
Instructional staff	775
Operation and maintenance	1,184
Transportation	40,698
	<u>75,774</u>
Unallocated depreciation	<u>41,823</u>
Total governmental activities depreciation expense	<u>\$ 117,597</u>
Business-type activities:	
Food services	\$ 419
Total business-type activities depreciation expense	<u>\$ 419</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Capital loan note	\$ 205,000	0	60,000	145,000	70,000
Early retirement	16,512	0	1,572	14,940	3,145
Total	\$ 221,512	0	61,572	159,940	73,145

Capital Loan Note

During fiscal year 2004, the District obtained financing for a new roof, with a capital loan note for \$325,000. The repayment of this loan will made from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's capital loan note indebtedness is as follows:

Year	Issue date August 1, 2003			
Ending June 30,	Interest Rates	Principal	Interest	Total
2008	3.25 %	\$ 70,000	4,712	74,712
2009	3.25	75,000	2,438	77,438
Total		\$ 145,000	7,150	152,150

Early Retirement

The District offers a voluntary early retirement plan to its licensed employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. The school District will pay the cost of the single premium at the level it was when the employee retired. A liability has been recorded in the Statement of Net Assets for government-wide activities for these early retirement benefits. Early retirement expenditures for the year ended June 30, 2007 totaled \$1,572.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by

State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$81,656, \$88,472, and \$83,382, respectively, equal to the required contributions for each year.

(8) Risk Management

The Exira Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, prescription drugs, life and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2007 were \$24,971.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Exira Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$97,203 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Fund Balances

The Special Revenue, Management Levy Fund had a deficit fund balance of \$21,577 at June 30, 2007. The General Fund had a deficit fund balance of \$52,474 at June 30, 2007.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed the certified budget amounts. During the year ended June 30, 2007 expenditures in the support services function exceeded the amount budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

EXIRA COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Governmental	Proprietary		Budgeted Amounts		Final to
	Fund Types	Fund Type	Total	Original	Final	Actual
	Actual	Actual	Actual			Variance
Revenues:						
Local sources	\$ 1,589,886	63,560	1,653,446	1,578,026	1,578,026	75,420
State sources	1,375,450	1,802	1,377,252	1,527,653	1,527,653	(150,401)
Federal sources	141,076	70,354	211,430	175,000	175,000	36,430
Total revenues	3,106,412	135,716	3,242,128	3,280,679	3,280,679	(38,551)
Expenditures:						
Instruction	1,937,767	0	1,937,767	2,260,171	2,260,171	322,404
Support services	933,078	0	933,078	912,558	912,558	(20,520)
Non-instructional programs	0	129,234	129,234	151,213	151,213	21,979
Other expenditures	255,662	0	255,662	316,278	316,278	60,616
Total expenditures	3,126,507	129,234	3,255,741	3,640,220	3,640,220	384,479
Excess(deficiency) of revenues over(under) expenditures	(20,095)	6,482	(13,613)	(359,541)	(359,541)	345,928
Other financing sources, net	0	0	0	2,000	2,000	(2,000)
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(20,095)	6,482	(13,613)	(357,541)	(357,541)	343,928
Balance beginning of year	500,110	16,992	517,102	1,275,405	1,275,405	(758,303)
Balance end of year	\$ 480,015	23,474	503,489	917,864	917,864	(414,375)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

EXIRA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds
ASSETS				
Cash and pooled investments	\$ (22,541)	26,752	48,209	52,420
Receivables:				
Property tax:				
Current year delinquent	964	0	1,850	2,814
Succeeding year	75,000	0	111,461	186,461
TOTAL ASSETS	\$ 53,423	26,752	161,520	241,695
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 0	0	993	993
Deferred revenue:				
Succeeding year property tax	75,000	0	111,461	186,461
TOTAL LIABILITIES	75,000	0	112,454	187,454
Fund balances:				
Unreserved	(21,577)	26,752	49,066	54,241
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,423	26,752	161,520	241,695

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2007

	Special Revenue Funds				Total
	Manage-	Student	Physical	Total	Other
	ment	Activity	Plant and	Special	Nonmajor
	Levy		Equipment	Revenue	Governmental
			Levy	Funds	Funds
REVENUES:					
Local sources:					
Local tax	\$ 60,132	0	115,403	175,535	0
Other	4,619	67,150	18,528	90,297	0
Federal sources	0	0	25,000	25,000	0
TOTAL REVENUES	64,751	67,150	158,931	290,832	0
EXPENDITURES:					
Current:					
Instruction:					
Other instruction	0	53,084	0	53,084	0
Support services:					
Operation and maintenance of plant services	66,834	0	0	66,834	0
Other expenditures:					
Facilities acquisitions	0	0	91,734	91,734	0
Long-term debt:					
Principal	0	0	0	0	60,000
Interest and fiscal charges	0	0	0	0	6,725
TOTAL EXPENDITURES	66,834	53,084	91,734	211,652	66,725
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER)					
EXPENDITURES	(2,083)	14,066	67,197	79,180	(66,725)
OTHER FINANCING SOURCES(USES):					
Transfers in	0	0	0	0	66,725
Transfers out	0	0	(66,725)	(66,725)	0
TOTAL OTHER FINANCING SOURCES(USES)	0	0	(66,725)	(66,725)	66,725
Net change in fund balances	(2,083)	14,066	472	12,455	0
Fund balances beginning of year	(19,494)	12,686	48,594	41,786	0
Fund balances end of year	\$ (21,577)	26,752	49,066	54,241	0

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EXIRA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Art	\$ 129	4	0	133
Athletics	1,371	55,105	40,375	16,101
Cheerleading	132	752	681	203
Drill Team	1,728	2,197	3,269	656
Leadership Club	389	198	173	414
Student Council	464	742	743	463
FFA	230	6	0	236
Pals	147	88	84	151
Spanish	74	2	0	76
National Honor Society	4	147	0	151
Faces	370	11	0	381
Science Club	382	11	0	393
Class of 2005	210	0	210	0
Class of 2006	156	0	156	0
Class of 2007	1,319	65	332	1,052
Class of 2008	3,061	7,690	7,061	3,690
Class of 2009	1,365	67	0	1,432
Class of 2010	1,142	65	0	1,207
Class of 2011	13	0	0	13
Total	\$ 12,686	67,150	53,084	26,752

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EXIRA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

		Modified Accrual Basis			
		Years Ended June 30,			
		2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$	1,340,675	1,226,960	1,213,463	1,019,143
Tuition		82,465	82,801	50,198	228,444
Other		166,746	136,159	187,492	259,823
Intermediate sources		0	0	0	8,501
State sources		1,375,450	1,383,015	1,381,716	1,243,062
Federal sources		141,076	156,475	104,680	226,247
Total		\$ 3,106,412	2,985,410	2,937,549	2,985,220
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$	1,311,369	1,377,586	1,364,905	1,332,693
Special instruction		316,938	260,313	274,345	360,844
Other instruction		309,460	294,968	139,941	358,266
Support services:					
Student services		79,930	76,484	67,789	41,595
Instructional staff services		116,746	103,906	96,062	59,972
Administration services		334,110	311,712	295,432	281,365
Operation and maintenance of plant services		308,785	283,948	247,495	214,094
Transportation services		93,507	88,585	88,432	108,074
Central services		0	0	0	954
Non-instructional programs		0	0	122	3,425
Other expenditures:					
Facilities acquisitions		91,734	87,299	151,776	63,857
Long-term debt:					
Principal		60,000	60,000	30,000	0
Interest		6,725	8,480	9,630	0
AEA flow-through		97,203	95,304	93,982	90,188
Total		\$ 3,126,507	3,048,585	2,859,911	2,915,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Exira Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Exira Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 12, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Exira Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Exira Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Exira Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Exira Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Exira Community School District's financial statements that is more than inconsequential will not be prevented or detected by Exira Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Exira Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Exira Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Exira Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Exira Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Exira Community School District and other parties to whom Exira Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Exira Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 12, 2008

EXIRA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District will review their control procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

I-B-07 Physical Plant and Equipment Levy (PPEL) Expenditures - According to Chapter 298.3 of the Code of Iowa, PPEL monies may be used for a purchase of a single unit of equipment exceeding \$500 per unit. We noted during our audit in 2006 that the District purchased three window air conditioners from the PPEL Fund for \$1,325, which is less than \$500 per single unit. We noted during our audit in 2007 that the District purchased additional equipment of \$6,474.61 from the PPEL, which was less than \$500 per single unit.

Recommendation - The District should review Chapter 298.3 of the Code of Iowa with regard to allowable expenditures from the PPEL Fund to avoid non-compliance. The District should make a corrective transfer to the PPEL Fund from the General Fund for \$7,799.61 for the items purchased less than \$500 per unit.

Response - Corrective action will be taken.

Conclusion - Response accepted.

EXIRA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-07 Certified Budget - Expenditures for the year ended June 30, 2007 exceeded the amended certified budget amounts in the support services function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The District will monitor expenditures for all functions and make amendments to the certified budget when necessary.

Conclusion - Response accepted.

- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-07 Business Transactions - No business transactions between the District and District officials were noted.

- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We will provide the minutes within the time period required, however, we are unable to control the publishing dates.

Conclusion - Response accepted.

- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

- II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

II-J-07 Financial Condition - The District had a deficit fund balance of \$21,577 in the Special Revenue, Management Levy Fund. The District had a deficit fund balance of \$52,474 in the General Fund.

Recommendation - The District should monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will monitor these funds and work on eliminating the deficit balances.

Conclusion - Response accepted.